



# Department of Justice

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## **FLORIDA COMPANY PLEADS GUILTY TO CONSPIRING TO RIG BIDS AT U.S. POSTAL SERVICE AUCTION IN ATLANTA**

WASHINGTON — A Florida company today pleaded guilty to conspiring to rig bids on merchandise offered at a U.S. Postal Service (USPS) auction in Atlanta, the Department of Justice announced.

According to the one-count felony charge filed in the U.S. District Court in Atlanta, Denny's Pay-Less Grocery Inc. of Jacksonville, Fla., participated in a conspiracy to rig bids on merchandise offered for sale at auction by the USPS at its Atlanta mail recovery center from approximately August 2002 to October 2002. The Department said that the purpose of the conspiracy was to lower the price Denny's Pay-Less Grocery and its major competitor paid for auction lots and to divide those lots between them. Denny's Pay-Less Grocery buys and sells closeout, salvage and surplus merchandise.

"Americans are entitled to the benefits of competitive bidding and we will prosecute those who seek to subvert that process," said Thomas O. Barnett, Assistant Attorney General in charge of the Department of Justice's Antitrust Division.

The Department charged that Denny's Pay-Less Grocery and its co-conspirators carried out the conspiracy by:

- Discussing among themselves collusive bidding and how to decrease the amount of money they were paying for lots of a certain type of merchandise being auctioned by USPS; and
- Agreeing that they would seek to divide up and successfully dividing up lots of a certain type of merchandise by engaging in collusive bidding designed to minimize the price they would pay for the lots.

Denny's Pay-Less Grocery is charged with bid rigging in violation of the Sherman Act. The maximum fine for a corporation is \$10 million for violations occurring before June 22, 2004. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime if either of those amounts is greater than the statutory

maximum fine. In addition, those charged could be ordered to pay restitution to any victim for the full amount of the victim's loss.

The ongoing investigation is being conducted by the Antitrust Division's Atlanta Field Office, with the assistance of the USPS Inspector General's Office in Atlanta.

Today's plea agreement is an example of the Department's commitment to protect U.S. taxpayers from public procurement fraud through its creation of the National Procurement Fraud Task Force. The National Procurement Fraud Initiative announced in October 2006 is designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs.

Anyone with information concerning bid rigging or other anticompetitive conduct concerning USPS auctions should contact the Atlanta Field Office of the Antitrust Division at 404-331-7100.

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